

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
1998 Biennial Regulatory Review - Streamlined)	CC Docket No. 98-171
Contributor Reporting Requirements Associated)	
with Administration of Telecommunications Relay)	
Service, North American Numbering Plan, Local)	
Number Portability, and Universal Service Support)	
Mechanisms)	
)	
Telecommunications Services for Individuals with)	CC Docket No. 90-571
Hearing and Speech Disabilities, and the)	
Americans with Disabilities Act of 1990)	
)	
Administration of the North American Numbering)	CC Docket No. <u>92-237</u> /
Plan and North American Numbering Plan Cost)	NSD File No. L-00-72
Recovery Contribution Factor and Fund Size)	
)	
Number Resource Optimization)	CC Docket No. 99-200
)	
Telephone Number Portability)	CC Docket No. 95-116

Reply Comments of the 26 Concerned "De Minimis" Carriers

Teltronic, Inc., ERC Communications, Huffman Communications, South Plains Communications, Mobile Relays, Inc., Megahertz Technology, Inc., Electrocomm - Michigan, Inc., Net Wave Communications, Inc., Two Way Radio Service, Inc., Taxi Systems, Inc., T.W.R. Communications, Taxi Equipment Company, Inc., Allcomm Wireless, Inc., Electrocom, Inc., Telecom Network, Inc., General Communications Systems, Inc., Wireless Solutions, DW Communications, Inc., Applied Technology Group, Inc., John Mitchell Company, Collins Communications, Rayfield Communications, Inc., Technical Electronics, Inc., Reed Enterprises,

Tri-State Communications, and Mobilcomm, Inc. (collectively, Joint Commenters) hereby respectfully submit their reply comments in response to the Federal Communications Commission's *Notice of Proposed Rule Making* (NPRM) in the above-referenced matter.¹

As noted in our original comments, the Joint Commenters believe that "universal service compliance costs will exceed universal service contribution amounts if all small businesses providing interstate telecommunications service are required to contribute to universal service mechanisms."² Moreover, the Joint Commenters believe that "a reduction or elimination of the *de minimis* standard will negatively impact small businesses who are providing or operating using low-cost communications systems for necessary business communications."³

The Joint Commenters agree with the majority of those commenting on the *de minimis* standard; the standard should be retained.⁴ The administrative costs of contributing to universal service mechanisms will outweigh the actual contribution for small carriers and USAC. As the Commission noted in their Fourth Order on Reconsideration, the administrative costs for carriers

¹ See Federal State Joint Board on Universal Service; 1998 Biennial Regulatory Review-Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms; Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990; Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size; Number resource Optimization; Telephone Number Portability, CC Docket No. 96-45, CC Docket No. 98-171, CC Docket No. 90-571, CC Docket No. 92-237, NSD File No. L-00-72, CC Docket No. 99-200, CC Docket No. 95-116, *Notice of Proposed Rulemaking* (rel. May 8, 2001) (NPRM).

² See Joint Comments of 26 Concerned "De Minimis" Carriers at p. 2.

³ *Id.* at p. 2.

⁴ Comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies; National Telephone Cooperative Association Initial Comments; Comments of the Association of Communications Enterprises; Comments of the American Public Communications Council; Comments of the National Exchange Carrier Association, Inc.; Comments of the United States Telecom Association; Comments of the Small Paging Carrier Alliance; and Comments of the American Mobile Telecommunications Association, Inc.

to contribute to universal service should not exceed the actual contribution, and those carriers should be exempt from universal service contributions under a *de minimis* exemption.⁵

With administrative costs for universal service compliance rising due to recently increased reporting requirements, it will be even more difficult for a small carrier to contribute to universal service mechanisms without an enormous administrative burden. As noted by the Organization for the Promotion and Advancement of Small Telecommunications Companies, “in light of the Commission’s recent *Quarterly Reporting Order*, which has increased the reporting burden for universal service to four times per year from one time per year, the administrative burden for universal service contributors has actually increased.”⁶ In addition, USAC’s administrative costs will substantially increase if the *de minimis* standard were eliminated. In their comments, USAC estimates that the additional administrative costs created by eliminating the *de minimis* standard would “exceed \$500,000 annually at a minimum, and could be substantially higher.”⁷

Qwest Communications International relies on the fact that USAC loses \$8 million dollars in funding by allowing a *de minimis* exemption, and further states that the Commission must eliminate the standard in fairness.⁸ The Joint Commenters disagree with this approach. The goal of universal service is not to bring telecommunications service to under-funded schools and libraries at the expense of small businesses. The intent of the *de minimis* exemption is to

⁵ See Federal-State Joint Board on Universal Service; Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge, CC Docket No. 96-45, CC Docket Nos. 96-262, 94-1, 91-213, 95-72, *Fourth Order on Reconsideration in CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72*, (rel. Dec. 30, 1997) (Fourth Order).

⁶ Comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies at p. 8.

⁷ Comments of the Universal Service Administrative Company at p. 18.

promote fairness for small business, the same way universal service's intent is to promote fairness to school and libraries in rural areas. As the Association of Communications Enterprises notes, the Commission recognizes the "disproportionately heavier burdens upon small carriers in complying with regulatory reporting obligations," while also recognizing the crucial role of small business in the economy.⁹

EPIK Communications Incorporated requests that the Commission place the compliance burden on resellers as opposed to underlying service providers when a reseller is a *de minimis* carrier.¹⁰ While the Joint Commenters do not oppose the current notification requirements they must provide to underlying service providers, they do oppose additional compliance burdens that will only drive up the administrative costs. The Joint Commenters, therefore, suggest that the Commission retain the current notification obligations that are afforded underlying service providers when a reseller is considered a *de minimis* carrier.

For the reasons discussed above, the Joint Commenters urge the Commission to retain the *de minimis* exemption. In addition, they ask that the Commission maintain the current notification requirements for *de minimis* carriers to their underlying service providers.

Respectfully submitted,

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⁸ Comments of Qwest Communications International, Inc. at p. 10.

⁹ Comments of the Association of Communications Enterprises at p. 7 and n. 10. *See also* 47 U.S.C. § 257.

¹⁰ Comments of EPIK Communications Incorporated at p. 4;

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Date: July 9, 2001

CERTIFICATE OF SERVICE

I, Jeremy W. Denton, do hereby certify that on the 9th day of July 2001, I forwarded to the parties listed below a copy of the foregoing Comments of the 26 Concerned "De Minimis" Carriers via U.S. mail:

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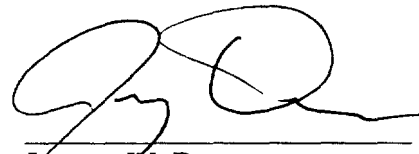
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